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REPORT OF THE SECRETARY-GENERAL ON THE UNITED NATIONS TRANSITIONAL ADMINISTRATION FOR EASTERN SLAVONIA, BARANJA AND WESTERN SIRMIUM

I. INTRODUCTION

1. The present report is submitted pursuant to paragraph 4 of Security Council resolution 1037 (1996) of 15 January 1996, in which the Council requested the Secretary-General, on the completion of demilitarization of the region of Eastern Slavonia, Baranja and Western Sirmium (hereafter referred to as the region), to report monthly to the Council regarding the activities of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and the implementation by the parties of the Basic Agreement of 12 November 1995 (A/50/757-S/1995/951). My most recent report on this matter was submitted to the Council on 5 August 1996 (S/1996/622).

II. POLITICAL ASPECTS

2. The overall political situation in the past month can be described as one of useful progress on some issues while fundamental challenges remain on important matters that will affect the outcome of the transition process. Strenuous efforts to build confidence in the region and maintain the full support of Croatia and the Federal Republic of Yugoslavia authorities have continued. In that connection, the Transitional Administrator has continued to meet on a regular basis with Presidents Tudjman and Milošević and their respective ministers. These efforts have been complemented by a number of political developments during the period under review, in particular the meeting of the two leaders at Athens on 7 August and their Agreement on the Normalization of Relations between the two countries, signed at Belgrade on 23 August, and the Agreement on Interim Co-financing of Public Services of the region, signed by the Government of Croatia and UNTAES at Zagreb on 8 August.

3. In a communiqué issued after the meeting at Athens, the Governments of Croatia and the Federal Republic of Yugoslavia expressed their positive assessment of the work of UNTAES and the implementation of the Basic Agreement so far. They stressed the need to implement the Agreement consistently and to refrain from actions that could compromise full compliance with it.

4. The fears of the local Serb population regarding their future in the region remain, however, and much more will have to be done to improve the level of confidence. The most important step would be the passage by Croatia of a clear and comprehensive amnesty law and there are promising indications that this matter is under consideration in Zagreb (see para. 14 below).

5. There are increasing signs of polarization within the local Serb leadership, with hardline elements in the Regional Assembly and the Regional Executive Council opposing the reintegration process and challenging the positions of those who have exhibited a willingness to cooperate with UNTAES. The former have made sustained attempts to prevent progress in nascent contacts between the local leadership and the Government of Croatia and in strengthening cooperation between the local authorities in the region and UNTAES. They have also sought to impede functioning of the Joint Implementation Committee process and to hinder efforts by UNTAES to facilitate the issuance by the Croatian authorities of Croatian citizenship and identity documents to eligible residents of the region. If this situation persists, the Transitional Administrator intends to take action to remove from office those who continue to obstruct the implementation of the UNTAES mandate.

6. Although the challenge to the process of peaceful reintegration by hardline elements in the region remains significant, they do not represent the views of most local residents. The provision of regular funding for the administration of the region (see para. 7), which has already begun, will ease the budgetary crisis and remove a major source of political discontent.

A. Financing of public services in the region

7. It will be recalled that, in its presidential statement of 3 July (S/PRST/1996/30), the Council expressed concern at the worsening economic situation in the region and urged the Government of Croatia to cooperate closely with UNTAES in order to identify and provide funding for the local administration and public services. Furthermore, in my letter dated 2 August to the President of the Council (S/1996/632), I requested the urgent provision of $10 million in extraordinary financial support for the administration of the region for five to six months, starting 1 August. I am pleased to report that the efforts to focus attention on this issue bore fruit and on 8 August the Government of Croatia and UNTAES signed an agreement by which the former committed itself to contribute to the regular monthly financing of public services in the region, including health and social welfare, education, police, administration, operating costs and related administrative expenses, in the amount of 4.5 million kunas (approx. $860,000) (see S/1996/648). The agreement will remain in force until 15 January 1997. A portion of this sum, to be determined in a separate agreement between the Government of Croatia and UNTAES, will be used to pay the salaries of members of the Transitional Police Force.

8. The Council, in its presidential statement of 15 August (S/PRST/1996/35), expressed its appreciation at the conclusion of the agreement. Although the agreement represents only a partial solution to the estimated need for some $2 million, it is a positive first step on the part of the Government of Croatia. However, this funding will not be sufficient to cover all the costs

involved in financing the region: for the time being, the shortfall is being met from residual funds still available to the local Serb authorities, although it is not clear how much longer those funds will last.

9. In the meantime, payment of public service salaries for the month of July, with the one-time payment of 6 million kunas ($1,150,000) provided by the Government prior to the agreement of 8 August, was undertaken in the month of August. The Government also provided 2 million kunas ($385,000) for the payment of the salaries of the Transitional Police Force for the month of July. As the kuna has not yet been introduced in the region, these salaries were paid in deutsche mark. These developments constitute significant progress in the very difficult issue of funding public administration structures of the region, and have helped defuse much of the political ferment in the region in recent weeks.

10. Closely related to the issue of funding for the regional administration is the provision of international aid for the economic revitalization of the area, pledged by various international donors, including the European Commission. Reconstruction and economic rehabilitation projects are vital in order to provide employment and stimulate a return to normal economic activity and growth in the region. It is expected that these funds will start to become available as from September. Further immediate assistance from the international community remains crucial for progress in the implementation of the mandate of UNTAES.

B. Duration of the mandate of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium

11. By a letter to the Transitional Administrator dated 18 July, the local Serb Regional Assembly requested the Transitional Administrator to communicate to the Security Council its request for an extension of the duration of the mandate of UNTAES for an additional period of one year, as provided for in the Basic Agreement. The local Serb leadership argued that such an extension was necessary for the effective completion of various tasks assigned to UNTAES, including the return of refugees and displaced persons to their homes of origin, the organization of local elections in the region and the monitoring of compliance with international human rights standards. Serb leaders also expressed dissatisfaction with the recent Croatian amnesty law.

12. The Government of Croatia has continued to maintain in its public statements that it will agree to only a short three-month extension of the mandate of UNTAES following the present expiration date of 15 January 1997, on the condition that elections are held in the region by 15 December 1996. In a meeting between President Tudjman and the Transitional Administrator on 12 August, President Tudjman again stressed this position (see paras. 15-17 below).

13. The Council has affirmed its readiness to consider, at an appropriate tir extending the duration of the mandate of UNTAES on the basis of the Basic Agreement, its resolution 1037 (1996) of 15 January 1996 and a recommendatio

the Secretary-General. It is my intention to make such a recommendation at the earliest appropriate time.

C. Amnesty

14. As yet, there has been no additional progress on the passage of a clear and comprehensive amnesty law by the Government of Croatia. The Council, in its presidential statement of 14 August (S/PRST/1996/35), noted with concern that the amnesty law and the action subsequently taken by the Government of Croatia have been insufficient to create confidence among the local Serb population in the region. In discussions with UNTAES field officers in all parts of the region, local Serb residents have cited the lack of a comprehensive amnesty law as a major reason why many of them would feel unwelcome and unsafe once the region was fully under Croatian control. The amnesty issue, therefore, goes to the heart of the question of confidence among the local population and, by extension, to the restoration and maintenance of the multi-ethnic character of the region; a general amnesty is also an indispensable condition for the safe return of refugees and displaced persons. While there are indications that the Government of Croatia may be considering further action on the amnesty issue, including a renewed debate of the amnesty law in the Croatian parliament in September, only concrete steps on this matter will calm the fears of the local Serb residents of the region and accelerate the process of peaceful reintegration. The question of a broad amnesty, it should be noted, was addressed in the Agreement on Normalization of Relations of 23 August 1996.

D. Electoral matters

15. The Council will recall that in paragraph 14 of my last report (S/1996/622), I disclosed some of the findings contained in the report of the needs assessment mission that visited the region last July. The mission was of the view that, under prevailing conditions and constraints, the earliest possible date on which elections could be held would be late February or early March 1997, and that holding elections during that period would depend on outstanding policy issues being resolved by mid-October, failing which a further delay would be inevitable.

16. The outstanding policy issues that were identified include, inter alia, how any representatives elected to local government bodies will be integrated into those which currently exist; whether elections are to be conducted under Croatian law, under laws made by the Transitional Administrator, or a combination of the two; a determination as to who will be entitled to vote at the elections in view of the fact that the Basic Agreement contains no explicit statement in this regard; a determination of local government areas, constituencies and polling divisions on the basis of which the elections are to be conducted; and modalities for drawing of appropriate boundaries of single-member constituencies that meet the requirement (accepted in existing Croatian law) that voting populations across constituencies be approximately equal, especially in light of the large population movements that have occurred in the region.

17. The outstanding policy questions enumerated above need to be addressed at the political level. The Transitional Administrator is making every effort urgently to address them through direct consultations with signatories to the Basic Agreement and their representatives on the pertinent Joint Implementation Committees and by developing and enhancing electoral policy planning, analysis and administrative capacity within UNTAES. It needs, however, to be borne in mind that it is only when these issues have been satisfactorily resolved that any meaningful and successful elections can be conducted. It should also be recalled that under Security Council resolution 1037 (1996) of 15 January 1996, the mandate of UNTAES should run for at least 30 days beyond the elections.

III. MILITARY ASPECTS

18. The military situation in the region has remained calm and stable over the last month. In late July, UNTAES troops intervened in the former zone of separation to disarm elements of the Croatian Special Police who continued to operate in the zone in violation of its regime, despite repeated protests by UNTAES to the Government of Croatia. Following subsequent meetings between the UNTAES Force Commander and Croatian police officials, the Croatian side agreed to withdraw all its personnel from the area. The United Nations military observer patrols have confirmed Croatian compliance so far with this agreement. In the future, the only armed units patrolling the area will be those of the Transitional Police Force and, if required, the UNTAES military component. The United Nations military observers will continue their unarmed patrols.

IV. CIVILIAN ASPECTS

A. Civil affairs

19. There has been a major advance in the centralized issuance of Croatian personal documents (e.g. citizenship papers, birth certificates, identity cards and passports) by Croatian officials to residents of the region. Although agreement had been reached in principle on this proposal in the Joint Implementation Committee on Civil Administration, hardline elements in the local Serb Regional Executive Council actively opposed the proposal. The Transitional Administrator, invoking his executive authority over the region, overrode those elements by issuing written instructions to proceed with the project. Three initial sites for the location of offices for the issuance of documents have been identified. The first of the three offices opened on 20 August and, despite a certain amount of harassment, the response was significant. In the first three days a total of 233 persons registered for documents. The majority of them have been non-Serbs but it is expected that the numbers of Serbs will increase as the project becomes more established.

20. Pending the start of a large-scale issuance of the documents to eligible residents of the region, UNTAES has facilitated a process of issuances to individuals on a case-by-case basis. Despite a few successful individual cases, the process of obtaining the documents has in general been a slow one, with most applicants being subjected to lengthy and often hostile questioning by Croatian police interviewers. Procedures for obtaining the documents will be much

improved by the centralized issuance scheme. As I mentioned in my report of 5 August (S/1996/622), the possession of citizenship papers is essential to the implementation of various aspects of the mandate of UNTAES.

21. Gradual progress has been achieved in the negotiations regarding the transfer of ownership, assets and personnel of the NIK (local Serb) oil company to the INA (Croatian) oil company. Some 180 former employees of NIK have signed contracts of employment with INA. A first step towards restarting oil production was taken with the signing on 14 August of a demining contract for the Djeletovci oil fields between INA and a local Serb demining company. Demining has commenced and will be undertaken in such a manner as to facilitate the earliest possible start of oil production. UNTAES continues to urge INA to implement its proclaimed intention to re-employ all of approximately 500 NIK employees, which would have beneficial effects on the local economy.

22. UNTAES is also making preparations to introduce market places at some locations in the former zone of separation, where individuals from the region and other parts of Croatia will be able to buy and sell goods each Saturday morning. The aim of this project is to encourage interaction between local Serbs and Croats and to contribute to the practical process of reintegration. The first trading took place on 23 August at a location on the newly opened Osijek-Vukovar highway. Participation is expected to increase significantly as information about this project becomes more widely known.

23. As a further step to improve the possibilities for increased freedom of movement, on 17 August the Transitional Administrator officially inaugurated the restoration of a ferry service on the River Drava between the town of Belisce and the Baranja. On 31 August, it is intended to open the Knježevo-Udvar international border crossing with Hungary, with Serb and Croat customs officers serving together in a manner similar to that of the Transitional Police Force.

B. Police matters

24. Of an authorized strength of 600 United Nations civilian police monitors, 446 are at present deployed in the mission area. These monitors have continued to supervise the deployment and operations of the Transitional Police Force, which has become fully operational. Cooperation between its local Serb and Croat co-commanders at the various police stations is satisfactory. The force has become more professional in its performance, although much room for improvement remains. As indicated in paragraph 9, the members of the Transitional Police Force have received salaries for the month of July. Detailed arrangements for future salary payments and operating costs are under active discussion with the Government of Croatia and are expected to be agreed upon shortly.

25. There has been a slight increase in the number of small arms handed over to UNTAES under the weapons registration programme. Separately, discussions are continuing between UNTAES and the Croatian Ministry of the Interior on a weapons buy-back scheme, which it is hoped will begin in early September.

26. United Nations civilian police have devoted a great deal of attention to the prison system of the region over the past month. It has taken control of the prison in Beli Manastir with a view to establishing a better integrated prison administration and to monitoring respect for human rights standards in the prison. By arrangement with the local representatives of the Office of the United Nations High Commissioner for Human Rights, civilian police monitors are at present receiving training on human rights issues and reporting procedures. It is envisaged that such training will better prepare the monitors to advise the Transitional Police Force on human rights and other aspects of police work.

C. Border monitors

27. The present strength of the UNTAES border monitors stands at 43 out of an authorized strength of 90. Eight international road and rail border crossing points between the region and the Federal Republic of Yugoslavia continue to be monitored in accordance with the provisions of the Basic Agreement. By their presence, the border monitors are also able to assist in monitoring other matters, such as the halting of illegal exportation of timber.

D. Public affairs

28. The past month marked the one hundredth broadcast of the UNTAES news and information radio programme. Recently increased to a full hour each day, the Serbo-Croatian programme includes world news, daily reports from United Nations spokesmen at Vukovar and Sarajevo, regular interviews with the Transitional Administrator, feature programmes about UNTAES activities in all fields throughout the region and music. Informal data (there are no research/polling organizations in the region) indicate that the programmes reach a wide audience, including in Osijek and Vinkovci, in particular among communities of the refugees and displaced persons there.

29. Radio, along with the thrice-monthly UNTAES Bulletin, represents the core information activity of UNTAES in Croatian and Serbian languages. These continue to be supplemented by weekly appearances by UNTAES officials on call-in radio programmes and regular participation on television interview programmes. UNTAES has widespread, unfettered access to the public throughout the region and, through press conferences, wide coverage in the Belgrade and Zagreb media. These public information programmes allow UNTAES to counter disinformation and rumour and to inform the population about conditions in the region.

V. HUMANITARIAN ASPECTS

30. At the end of July UNTAES and the Office of the United Nations High Commissioner for Refugees (UNHCR) agreed on terms of reference for cooperation on returns of refugees and displaced persons. As a result of this agreement, there has been good cooperation and effective coordination between UNTAES and UNHCR on substantive and procedural issues in relation to returns to and from the three villages identified for pilot projects (Bilje, Antunovac and Ernestinovo) and to other areas both inside and outside the region. The current

focus is on Bilje in order to facilitate the return of several hundred families, Croats to Bilje and Serbs to Western Slavonia.

31. Following the signing of relevant agreements between UNHCR and its non-governmental organization implementing partners, rehabilitation and reconstruction of houses for returning refugees to Eastern and Western Slavonia will begin in the immediate future. Joint Croatian and Serbian pre-demining reconnaissance exercises have been conducted in the villages selected for pilot return projects.

32. Demining of various other areas in the region and its immediate environs has also taken place. The Government of Croatia has been demining in the pre-war Croat majority villages of Lipovac, Apsevci and Podgrade, which are located in the south of the region and have been identified for the return of Croatian refugees and displaced persons. The Government has also started demining the railroad between Osijek and the town of Beli Manastir, inside the former zone of separation.

33. UNTAES has continued to facilitate family visits and reunions. The total number of persons who have participated in UNTAES-facilitated family reunions surpassed 9,000 in August. Requests to UNTAES from individuals in the region wanting to visit friends and family outside the region have far outpaced the capacity of the mission to facilitate such visits.

VI. OBSERVATIONS

34. Since my previous report there have been several positive developments. In early August the Government of Croatia responded to the calls for financial assistance to the local administration and public services of the region by committing itself to provide 4.5 million kunas per month until the end of the current mandate on 15 January 1997. While this will cover only approximately half the monthly costs, it is a most welcome contribution and a further signal of political support for the efforts of UNTAES. I join the Council in expressing my appreciation of this contribution. It is hoped that the Government of Croatia will find it possible to make further financial support available during forthcoming months.

35. The Agreement on the Normalization of Relations between the Republic of Croatia and the Federal Republic of Yugoslavia, signed at Belgrade on 23 August, constitutes another significant step forward. By the recognition of their respective international borders, it should now be clear to all who wish to continue living in the UNTAES area of responsibility that they must register for Croatian citizenship or comply with extant Croatian immigration regulations. In the Agreement the two contracting parties also committed themselves to providing conditions for a free and safe return of refugees and displaced persons to their places of residence or to other places they freely choose, to providing full security to returnees and to encouraging consistent and full implementation of the Basic Agreement of 12 November 1995.

36. Of great significance to the implementation of the UNTAES mandate, the two contracting parties agreed to declare general amnesty for all acts committed in

connection with armed conflicts, except for the gravest violations of humanitarian law characterized as war crimes. As I have made clear in this and previous reports, the early adoption by the Government of Croatia of a clear and comprehensive amnesty law is of paramount importance in persuading Serb residents of the region that it is possible for them to have a safe and secure future. It is also a precondition to resolving the ambiguities over eligibility for citizenship that threaten to impede the successful conduct of free and fair elections in the region.

37. The Transitional Administrator and his staff will continue to press vigorously for the issuance of Croatian citizenship documents and other papers to persons in the region, and, in cooperation with UNHCR, for the return of displaced persons to their homes. As yet, both these tasks are still in their early stages but there are signs that major progress may be made before the end of the year. The imminent arrival of long awaited funds for reconstruction projects should provide much needed assistance to the local economy and to morale.

38. Set against these positive signs are the unhelpful attitude of some hardline elements in the local Serb leadership, continuing uncertainty over the duration of the mandate of UNTAES, the need to resolve certain major policy issues if elections are to be held in February or March 1997 and questions concerning reliable assurances from the Government of Croatia for the preservation of a multi-ethnic society once the UNTAES mission ends. In my previous report, of 5 August (S/1996/622), I expressed doubts that elections in the region could take place before the end of the current mandate. This continues to be my view. It now appears that the Government of Croatia is coming to recognize that elections will not be practicable before late February or March 1997.

39. Overall, however, I share the confidence of the Transitional Administrator that the UNTAES mission remains on track. I count on the continued support and cooperation of the parties, in particular the Government of Croatia, in fulfilling the responsibilities entrusted to the United Nations by the Security Council.